

Original sponsor: Rader, Croft,
Ferguson, et al

Offered: 5/5/75
Referred: Rules

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 320

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Accountancy Act; and providing
7 for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 08.04.190 is amended to read:

10 Sec. 08.04.190. EXAMINATION FEE. The board shall charge each
11 applicant a fee of \$50 [\$25] for the initial examination and for each
12 re-examination. The applicant shall pay the fee at the time he applies
13 for examination or re-examination.

14 * Sec. 2. AS 08.04.230 is repealed.

15 * Sec. 3. AS 08.04.240 is repealed and re-enacted to read:

16 Sec. 08.04.240. REGISTRATION OF PARTNERSHIPS AND CORPORATIONS
17 COMPOSED OF CERTIFIED PUBLIC ACCOUNTANTS. (a) A partnership engaged in
18 this state in the practice of public accounting may register with the
19 board as a partnership of certified public accountants if it meets the
20 following requirements:

21 (1) at least one general partner must be a certified public
22 accountant of this state in good standing;

23 (2) each partner must be a certified public accountant of
24 some state in good standing; and

25 (3) except as otherwise provided in this chapter, each resi-
26 dent manager in charge of an office of a firm in this state, and each
27 partner personally engaged in this state in the practice of public
28 accounting as a member of that firm must be a certified public account-
29 ant of this state in good standing.

1 (b) A corporation organized for the practice of public accounting
2 may register with the board as a corporation of certified public
3 accountants if it meets the following requirements:

4 (1) the sole purpose and business of the corporation must
5 be to furnish to the public services not inconsistent with this chapter
6 or the regulations promulgated under it by the board; however, the
7 corporation may invest its funds in a manner not incompatible with the
8 practice of public accounting;

9 (2) each shareholder of the corporation must be a certified
10 public accountant of some state in good standing and must be principally
11 employed by the corporation or actively engaged in its business; no
12 other person may have any interest in the stock of the corporation; the
13 principal officer of the corporation and any officer or director having
14 authority over the practice of public accounting by the corporation
15 must be a certified public accountant of some state in good standing;

16 (3) at least one shareholder of the corporation must be a
17 certified public accountant of this state in good standing;

18 (4) except as otherwise provided in this chapter, each resi-
19 dent manager in charge of an office of the corporation in this state
20 and each shareholder or director personally engaged in this state in
21 the practice of public accounting must be a certified public accountant
22 of this state in good standing;

23 (5) to facilitate compliance with the provisions of this
24 section relating to the ownership of stock, there must be a written
25 agreement binding the corporation or the qualified shareholders to pur-
26 chase shares offered for sale by, or not under the ownership or effec-
27 tive control of, a qualified shareholder and binding a holder not a
28 qualified shareholder to sell these shares to the corporation or the
29 qualified shareholders; the agreement must be noticed on each certificate

1 of corporate stock; the corporation may purchase any amount of its stock
2 for this purpose, notwithstanding any impairment of capital, so long as
3 one share remains outstanding;

4 (6) the corporation must be in compliance with those other
5 regulations pertaining to corporations practicing public accounting in
6 this state that the board may prescribe.

7 (c) Application for registration must be made upon the affidavit
8 of a general partner or shareholder who is a certified public accountant
9 of this state in good standing. The board shall in each case determine
10 whether the applicant is eligible for registration. A partnership or
11 corporation which is so registered and which holds a permit issued under
12 sec. 400 of this chapter may use the words "certified public account-
13 ants" or the abbreviation "CPAs" in connection with its partnership or
14 corporate name. Notification shall be given the board, within one
15 month, after the admission or withdrawal of a partner or shareholder
16 from a partnership or corporation registered under this section.

17 * Sec. 4. AS 08.04.250 is repealed.

18 * Sec. 5. AS 08.04.300(c) is amended to read:

19 (c) The board shall charge each applicant a fee of \$50 [\$25] for
20 an initial examination and for each re-examination. The applicant shall
21 pay the fee at the time he applies for examination or re-examination.

22 * Sec. 6. AS 08.04.350 is repealed and re-enacted to read:

23 Sec. 08.04.350. REGISTRATION OF OFFICES. Each office established
24 or maintained in this state for the practice of public accounting in
25 this state (1) by a certified public accountant, partnership or corpora-
26 tion of certified public accountants, or (2) by a public accountant,
27 partnership or corporation of public accountants, shall register
28 annually with the board. No fee may be charged for registration. The
29 board shall prescribe registration procedure by regulation.

1 * Sec. 7. AS 08.04.380 is amended to read:

2 Sec. 08.04.380. WAIVER OF REQUIREMENTS. The board may waive
3 the requirements of secs. 240(a)(3) and (b)(4), 360 and 370 of this
4 chapter if

5 (1) the community has a population of 2,000 or less; and

6 (2) the firm opening or maintaining the office maintains
7 another office in the state which meets the requirements outlined in
8 secs. 360 and 370 of this chapter.

9 * Sec. 8. AS 08.04.390 is amended to read:

10 Sec. 08.04.390. PERMIT FOR INDIVIDUAL PRACTICE AS A PUBLIC ACCOUNT-
11 ANT. The board shall issue a permit to engage in the practice of public
12 accounting [AS A PRINCIPAL] to a holder of a certificate or license [AND
13 TO PERSONS REGISTERED UNDER SEC. 230 OF THIS CHAPTER] if all offices of
14 the certificate holder or [,] licensee [, OR REGISTRANT] are maintained
15 and registered as required by secs. 350 - 380 of this chapter. The
16 biennial [ANNUAL] permit fee is \$60 [\$25].

17 * Sec. 9. AS 08.04.400 is amended to read:

18 Sec. 08.04.400. PERMIT FOR PARTNERSHIP OR CORPORATE PRACTICE AS A
19 PUBLIC ACCOUNTANT. The board shall issue a permit to engage in the
20 practice of public accounting as a partnership or as a corporation to
21 a partnership or corporation registered under secs. 240 [- 250] or 330 -
22 340 of this chapter. The biennial [ANNUAL] permit fee is \$60 [\$10]. A
23 permit is valid only for practice under the registered name of the
24 partnership or corporation.

25 * Sec. 10. AS 08.04.410 is amended to read:

26 Sec. 08.04.410. PERMIT FOR PERSON NOT ENGAGED IN PRACTICE. A
27 person holding a certificate or license not engaged in the practice of
28 public accounting [AS A PRINCIPAL] may maintain his certificate or
29 license in good standing by registering with the board and paying an

1 annual registration fee of \$10.

2 * Sec. 11. AS 08.04.420 is amended to read:

3 Sec. 08.04.420. PERMIT FOR GENERAL PRACTICE AS A CERTIFIED PUBLIC
4 ACCOUNTANT. A certified public accountant, or a partnership or corpora-
5 tion of certified public accountants in good standing in a state, not
6 holding a permit under secs. 390 or 400 of this chapter nor maintaining
7 an office within this state but engaging in the practice of public
8 accounting in this state, shall apply to the board for a permit to
9 practice. The board shall determine whether the applicant is eligible
10 for the permit. The annual fee for the issuance of a permit is \$100.

11 * Sec. 12. AS 08.04 is amended by adding a new section to read:

12 Sec. 08.04.425. CONTINUING EDUCATION. (a) The board shall by
13 regulation prescribe requirements for continuing education for persons
14 licensed to practice as certified public accountants under this chapter.
15 In adopting these regulations, the board may

16 (1) use and rely upon guidelines and pronouncements with
17 respect to continuing education issued by recognized educational and
18 professional associations in the field; and

19 (2) prescribe content, duration and organization of courses
20 or programs that will satisfy the continuing education requirements.

21 (b) After the expiration of two years immediately following the
22 effective date of regulations promulgated by the board under (a) of
23 this section, every application for renewal of a permit to practice as
24 a certified public accountant by a person who has held a certificate as
25 a certified public accountant for two years or more shall be accom-
26 panied or supported by documents or other evidence indicating satis-
27 faction of the continuing education requirements prescribed by the board
28 during the two years immediately preceding the application.

29 (c) Failure by an applicant for renewal of a permit to practice

1 to furnish that evidence constitutes grounds for revocation, suspension
2 or refusal to renew the permit under sec. 450 of this chapter, unless
3 the board determines that failure to have been due to reasonable cause
4 or excusable neglect. However, the board may renew a permit to practice
5 despite failure to furnish evidence of satisfaction of the continuing
6 education requirements established under (a) of this section if the
7 applicant agrees to follow a particular program or schedule of continu-
8 ing education prescribed by the board.

9 (d) In adopting regulations under (a) of this section, or in
10 issuing individual orders under (c) of this section,

11 (1) the board shall consider

12 (A) the accessibility of applicants to the continuing
13 education courses or programs that it may require; and

14 (B) any impediments to interstate practice of public
15 accountancy which may result from differences in continuing edu-
16 cation requirements prescribed by other states; and

17 (2) the board may relax or suspend the continuing education
18 requirements

19 (A) for applicants who certify that they do not intend
20 to engage in the practice of public accountancy; or

21 (B) in instances of individual hardship.

22 * Sec. 13. AS 08.04.440 is amended to read:

23 Sec. 08.04.440. EFFECT OF FAILURE TO OBTAIN PERMIT. Failure of
24 a person, [OR] partnership or corporation to apply for the annual permit
25 to practice or to pay the annual fee within (1) three years from the
26 expiration date of the permit to practice or annual registration last
27 obtained or renewed, or (2) three years from the date upon which the
28 certificate holder or licensee was granted his certificate as a certi-
29 fied public accountant or license as a public accountant deprives him

1 of the right to a permit or annual registration or renewal of a permit,
2 unless the board determines that the failure is excusable. In case of
3 excusable failure, the fee shall not exceed three times the annual fee.

4 * Sec. 14. AS 08.04.450 is amended to read:

5 Sec. 08.04.450. REVOCATION OR SUSPENSION OF CERTIFICATE, LICENSE,
6 REGISTRATION OR PERMIT. The board may revoke or suspend a certificate
7 or license, [OR ANY REGISTRATION UNDER SEC. 230 OF THIS CHAPTER,] or may
8 revoke, suspend, or refuse to renew any permit, or may censure any
9 certificate holder, licensee, registrant, or permit holder for:

10 (1) fraud or deceit in obtaining any certificate, license,
11 registration, or permit required by this chapter;

12 (2) dishonesty or gross negligence in the practice of public
13 accounting, or other acts discreditable to the accounting profession;

14 (3) violation of any provision of secs. 500 - 610 of this
15 chapter;

16 (4) violation of a rule of professional conduct or other
17 regulation promulgated by the board;

18 (5) conviction of a felony under the laws of any state or of
19 the United States;

20 (6) conviction of any crime, an essential element of which
21 is dishonesty or fraud, under the laws of any state or of the United
22 States;

23 (7) cancellation, revocation, suspension, or refusal to
24 renew authority to practice as a certified public accountant or public
25 accountant in any other state for any cause other than failure to pay
26 an annual registration fee;

27 (8) suspension or revocation of the right to practice before
28 any state or federal agency; or

29 [(9) FAILURE OF A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC

1 ACCOUNTANT NOT A CITIZEN OF THE UNITED STATES TO BECOME A CITIZEN OF THE
2 UNITED STATES WITHIN SIX YEARS AFTER RECEIVING A CERTIFICATE OR LICENSE.]

3 (10) failure of a certified public accountant to satisfy the
4 continuing education requirements prescribed by the board under sec. 425
5 of this chapter, except as conditioned, relaxed or suspended by the
6 board under sec. 425(c) and (d) of this chapter.

7 * Sec. 15. AS 08.04.470 is amended to read:

8 Sec. 08.04.470. REVOCATION OR SUSPENSION OF PARTNERSHIP OR COR-
9 PORATE REGISTRATION OR PERMIT. The board shall revoke the registration
10 and permit to practice of a partnership or corporation if at any time
11 it does not meet the qualifications prescribed by the sections of this
12 chapter under which it qualified for registration.

13 * Sec. 16. AS 08.04.480 is amended to read:

14 Sec. 04.08.480. GROUNDS FOR REVOCATION OR SUSPENSION OF PARTNER-
15 SHIP OR CORPORATE PERMIT. The board may revoke or suspend the registra-
16 tion and permit to practice of a partnership or corporation, may revoke,
17 suspend or refuse to renew its permit to practice or may censure the
18 partnership or corporation for any of the causes enumerated in secs.
19 450 and 460 of this chapter, or for any of the following additional
20 causes:

21 (1) the revocation or suspension of the certificate, license
22 or registration of any partner or shareholder;

23 (2) the revocation, suspension, or refusal to renew the
24 permit to practice of any partner or shareholder;

25 (3) the cancellation, revocation, suspension, or refusal to
26 renew the authority of the partnership or any partner or the corporation
27 or a shareholder to practice public accounting in another state for any
28 cause other than failure to pay an annual registration fee in that state.

29 * Sec. 17. AS 08.04.500(b)(2) is repealed.

1 * Sec. 18. AS 08.04.510 is amended to read:

2 Sec. 08.04.510. PARTNERSHIP OR CORPORATION POSING AS A CERTIFIED
3 PUBLIC ACCOUNTANT. (a) No partnership or corporation may assume or
4 use the title or designation "certified public accountant" or the
5 abbreviation "CPA" or any other title, designation, word, letter,
6 abbreviation, sign, card, or device tending to indicate that it is
7 composed of certified public accountants, unless the partnership or
8 corporation is registered and holds a live permit, is practicing under
9 its registered name, and its offices in this state for the practice
10 of public accounting are maintained and registered as required by
11 secs. 350 - 380 of this chapter.

12 (b) A partnership or corporation of certified public accountants
13 in good standing in any state, not registered as a partnership or cor-
14 poration of certified public accountants under secs. 240 and 250 of
15 this chapter but holding a permit under sec. 420 of this chapter, may
16 use the title or designation "certified public accountants."

17 * Sec. 19. AS 08.04.530 is amended to read:

18 Sec. 08.04.530. PARTNERSHIP OR CORPORATION POSING AS PUBLIC
19 ACCOUNTANT. No partnership or corporation may assume or use the desig-
20 nation "public accountant" or the abbreviation "PA" or any other title,
21 designation, word, letter, abbreviation, sign, card, or device tending
22 to indicate that the partnership or corporation is composed of public
23 accountants, unless the partnership or corporation holds a live permit,
24 is practicing under its registered name, and its office in this state
25 for the practice of public accounting is maintained and registered as
26 required by secs. 350 - 380 of this chapter.

27 * Sec. 20. AS 08.04.540 is repealed and re-enacted to read:

28 Sec. 08.04.540. USE OF DECEPTIVE TITLE OR ABBREVIATION. No person,
29 partnership or corporation may assume or use the title or designation

1 "certified accountant", "chartered accountant", "enrolled accountant",
2 "licensed accountant", "registered accountant", or any other title or
3 designation likely to be confused with "certified public accountant" or
4 "public accountant", or any of the abbreviations "CA", "EA", "LA", "RA",
5 or similar abbreviations likely to be confused with "CPA" or "PA";
6 however, a person, partnership or corporation holding a live permit and
7 whose offices in this state for the practice of public accounting are
8 maintained and registered as required by secs. 350 - 380 of this chapter
9 may hold himself or itself out to the public as an accountant or audi-
10 tor.

11 * Sec. 21. AS 08.04.550 is repealed.

12 * Sec. 22. AS 08.04.590 is amended to read:

13 Sec. 08.04.590. USE OF TITLE WITH CORPORATE NAME. No person may
14 sign or affix a corporate name with any wording indicating that it is
15 a corporation performing services as accountants or auditors, or com-
16 posed of accountants or auditors or persons having expert knowledge in
17 accounting or auditing to any accounting or financial statement, or to
18 any opinion or report on or certificate to any accounting or financial
19 statement unless the corporation holds a live permit, is practicing
20 under its registered name and its offices in this state for the practice
21 of public accounting are maintained and registered as required by secs.
22 350 - 380 of this chapter.

23 * Sec. 23. AS 08.04.600 is amended to read:

24 Sec. 08.04.600. DISCLOSURE OF LACK OF PERMIT. No person, [OR]
25 partnership or corporation not holding a live permit [AND NO CORPORATION]
26 may hold himself or itself out to the public as a certified public
27 accountant or public accountant by use of such words or abbreviations
28 on any sign, card, letterhead or in any advertisement or directory,
29 without indicating that the person, partnership or corporation does

1 not hold a permit. This section does not prohibit (1) an officer, em-
2 ployee, partner, or principal of an organization from describing himself
3 by the position, title, or office which he holds in the organization, (2)
4 an act of a public official or public employee in the performance of his
5 duties, or (3) any person from maintaining a bookkeeping or tax service.

6 * Sec. 24. AS 08.04.610 is amended to read:

7 Sec. 08.04.610. DECEPTIVE USE OF PARTNERSHIP OR CORPORATION TITLE.

8 No person may assume or use the title or designation "certified public
9 accountant" or "public accountant" or an abbreviation thereof, in con-
10 junction with a name indicating or implying that there is a partnership
11 or corporation, or in conjunction with the designation "and Company" or
12 "and Co." or any similar designation unless there is a bona fide partner-
13 ship or corporation registered under that name. However, a sole pro-
14 prietor or partnership lawfully using the title or designation "certified
15 public accountant" or "public accountant" or an abbreviation thereof in
16 conjunction with such names or designation on April 26, 1960, may con-
17 tinue to do so if the person or partnership otherwise complies with this
18 chapter.

19 * Sec. 25. AS 08.04.620(1) is amended to read:

20 (1) a person not a certified public accountant or public
21 accountant from serving as an employee of or as an assistant to any
22 person, [OR] partnership or corporation holding a live permit so long as
23 the employee or assistant does not use his name in connection with any
24 accounting or financial statement;

25 * Sec. 26. AS 08.04.690 is amended to read:

26 Sec. 08.04.690. SHORT TITLE. This chapter may be cited as the
27 Accountancy Act [OF 1960].

28 * Sec. 27. This Act takes effect immediately in accordance with AS 01.10.
29 070(c).